

WELCOME TO CIRCUIT CITY



At Circuit City, we have a commitment to excellence in every phrase of our operations.

With each selected supplier, Circuit City enters into a relationship to maintain our high level of service. As part of that relationship, we expect the same commitment from our suppliers. To help you understand our operation and expectations, we present to you the Vendor Operating Guidelines. In this document you will find our policies, procedures and overall requirements for becoming part of our team. These Vendor Operating Guidelines are part of any contractual relationship that we enter with you.

We will be contacting you shortly to go over the process.

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SUPPLY CHAIN EXCELLENCE

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NEW VENDOR PACKAGE - INTERNAL USE ONLY

VENDOR COMPLIANCE POLICIES AND PROCEDURES

Warranty Requirements

Circuit City Stores, Inc. ("Circuit City") is required by federal law to make current warranty terms available to consumers prior to the sale of the applicable product. To ensure that Circuit City can comply with this requirement you are required to provide Circuit City with two (2) copies of each warranty for each product(s) carried by Circuit City.

1. All copies must be sent no later than fourteen (14) days prior to your initial delivery of each product to:

Circuit City Stores, Inc.
Ms. Delores Brown, Operations Manager
Merchandising Department
9950 Mayland Drive, DR1 3rd Floor
Richmond, VA 23233-1464

In the event that an existing product warranty is amended, updated or modified you agree to send two copies of the new warranty documentation within a reasonable time prior to the effective date of the change.

Certificate of Insurance

Circuit City Stores, Inc. requires you to maintain commercial general liability insurance including products – completed operations coverage. The insurance carrier must be authorized to do business in the United States and have a rating of "A", "A-" or better by A.M. Best Company and a Financial Size Category Rating of at least Class VIII. Please have your insurance carrier issue a certificate with the following requirements:

1. The limit of liability under such policies issued should be at least \$2,000,000 per occurrence and \$10,000,000 aggregate.

2. Circuit City Stores, Inc. must be listed as an additional insured for vendor's coverage. All certificates will provide for at least thirty (30) days written notice prior to cancellation of any insurance referred to under the agreement.
3. The name and address of the certificate holder should read:
Circuit City Stores, Inc.
Merchandising/Vendor Management Department
9950 Mayland Drive, DR1 3rd Floor
Richmond, VA 23233-1464

The words "endeavor to" and the phrase "but failure to mail such notice shall impose no obligation or liability of any kind upon the company" must be deleted.

Acceptance of Purchase Orders

1. You are required to supply a designated central order person, as well as an alternate, who will be available to service Circuit City on a consistent basis for each product category purchased by Circuit City.
2. All of your communications will be made directly to the Inventory Analyst who originated the purchase order. You should not communicate order information through another Inventory Analyst, Inventory Manager or Divisional Inventory Manager or a member of the National Buying staff unless that Inventory Analyst is unavailable.
3. We require that your order department accept purchase orders and/or changes to existing orders via Electronic Data Interchange (EDI). We employ a temporary (60 to 90 days) Autofax process that is used until EDI testing can be completed. No hard copy documents will be sent.
4. At the time of acceptance, you are required to confirm purchase order pricing, terms and packaging multiples if requested. Packaging multiples are expected to be consistent over time and when changed, you must provide timely notification.
5. You agree to provide Circuit City with current UPC code listings upon request. If you do not utilize UPC codes, Circuit City requires that industry standard UPC codes be adopted prior to first shipment to a Circuit City Distribution Center.
6. Price change information, if permitted under the terms of your agreement with Circuit City, will be communicated to Circuit City either by facsimile, overnight mail or telephone immediately upon your decision to change. The effective date of the price change will be clearly communicated to the Buyer.

Fulfillment of Orders

1. Circuit City will assume all orders can be filled within the time frame indicated on the purchase order. If this is not feasible, you are required to give Circuit City notification via facsimile or telephone within 72 hours of the initial receipt of the purchase order. This notification should contain information concerning available quantities and expected production/receipt dates needed to complete the order.
2. When orders cannot be filled in their entirety, Circuit City will be allowed to direct the placement of available quantities to distribution centers at our discretion.
3. Your backorder policy will not require placement or maintenance of multiple orders with first in priority. Cancellation or consolidation of older orders will not result in the loss of priority for shipment and receipt of product.
4. Lead-time for the creation of a purchase order is approximately 48 hours. Circuit City cannot accommodate your requests for purchase order numbers by the end of the day. All reasonable efforts will be made to provide you with timely purchase orders.
5. Circuit City reserves the right to revise any purchase order, prior to shipment of the applicable order, upon notice to you.
6. The EDI 855 Detailed PO Response is required.

You agree to provide information concerning incremental availability of previously limited/allocated product at the earliest possible time.



Prepaid Routing Guide Inbound (Domestic) Instructions

Attention
Logistics & Distribution

Dear Vendor/Supplier:

Circuit City Stores Inc. (CCS) is committed to providing its customers with high quality service. To achieve this, Circuit City must continuously strive to improve the effectiveness and efficiency of its operations.

Circuit City's Logistics Department has implemented routing procedures and freight handling instructions, which appear in this document. The instructions cover routing, scheduling, documentation, and packaging of merchandise for PREPAID shipment to Circuit City distribution centers.

We believe that you will find our requirements standard industry protocol. However, if you have any questions or require additional information about any of our procedures, please contact us via e-mail at ccslogistics@circuitcity.com stating "PREPAID ROUTING GUIDE" in the subject line.

We firmly believe that Circuit City and its vendors/suppliers will benefit from these procedures that are designed to enhance the overall efficiency of merchandise handling, control cost, and improve customer service.

Please forward these instructions to the responsible individuals in your distribution and logistics organizations.

Circuit City Logistics

Please provide the following information for **all** shipping points. Note that an electronic response is preferred. For your convenience, our email address and street address appear below.

COMPANY _____ Ship to information sent to Dale Stewart. _____

SHIP POINT ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____

EMAIL ADDRESS _____

SIGNATURE (NAME) _____ DATE _____

Please forward your response via email to ccslogistics@circuitcity.com or via mail to:

Dale Stewart
Circuit City Stores, Inc.
Logistics Department – DR3, 4th Floor
9954 Mayland Drive
Richmond, VA 23233

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1 General Instructions

1. This guide supersedes all previous PREPAID routing guides and freight handling instructions issued by CCS.
2. This guide contains detailed instructions for the routing, scheduling, documentation, and packaging of merchandise for PREPAID shipment to CCS distribution centers.
3. The instructions apply to all PREPAID purchase orders issued by CCS and are incorporated by reference into the terms and conditions of all CCS purchase orders.
4. Each vendor/supplier is responsible to forward this guide to its Logistics Department and other affected individuals responsible for the delivery of product to CCS distribution centers.

2 Routing Instructions

2.1 Introduction

The following routing instructions are essential to the expeditious movement of merchandise from your facility to CCS distribution centers.

2.2 Bill of Lading Instructions

CCS requires a legible bill of lading with each shipment. The bill of lading must contain the following information:

1. Ship From: (Complete Name and Address of Shipper)
2. Ship To: (Complete Name, Address and Telephone Number of Distribution Center)
3. Date Shipped:
4. Purchase Order Information: [Purchase Order Number(s), Number of Cartons, Weight, Handling Unit (Pallet, Slipsheet, etc.), seal number, CCS appointment number, and packing slips.]
 - Note 1: If density is required to properly describe merchandise, show accurate density.
 - Note 2: If more than one purchase order is contained in the shipment, provide total number of cartons and total weight of shipment on the bill of lading.
5. Ship To Arrive Date: (See CCS Purchase Order)
6. Carrier Name:
7. Freight Payment Terms:
8. Carrier Information:
 - a. Handling Unit: Quantity & Type (e.g., Pallet, Slipsheet, etc.)
 - b. Package: Quantity & Type (e.g., Cartons)
 - c. Grand Total of Handling Units, Cartons and Weight of Shipment
 - d. Commodity Description [Reference: National Motor Freight Classification (NMFC) tariff]
 - e. NMFC Commodity Class
9. Special Instructions: As appropriate
10. General Note: (Include the following statement "Shipper responsible for all sorting and segregating charges.")
11. Payment Instructions:
 - a. **For vendors shipping prepaid**, the proper freight terms and bill to addresses are to be noted in the body of the Bill of Lading:

2.3 UPS/Fed Ex Shipments

1. In determining when to ship via UPS or Federal Express instead of an LTL common carrier please use the following weight limit guidelines:
 - a. Shipments 300 pounds and under (maximum – 10 cartons), ship via UPS/Fed Ex. Each carton should not weigh more than 70 pounds and each carton should not exceed 130 cubic inches in length and girth combined.
 - b. Do not add any insurance or handling charges.
 - c. The top of the carton(s) must show the ship to address.
 - d. In order to minimize the number of cartons shipped, please place smaller cartons into a larger carton when possible.
 - e. For shipments that exceed 300 pounds, ship via the LTL carrier specified in this routing guide.
 - f. Suppliers will attach a packing slip to every carton.
2. LTL Common Carrier Shipments:

The following LTL Common Carriers are preferred (but not required) to be used for shipments to CCS distribution centers under 7,000 pounds and/or 750 cubic feet:

Watkins Motor Lines, Inc.

Overnite Transportation Company

Roadway Express, Inc.

3. Truckload Shipments:

The following Truckload carriers are preferred (but not required) to be used for shipments to CCS distribution centers:

National carriers:

Swift Transportation

J.B. Hunt

Regional carriers:

Regional Distribution

Center	Regional Carrier
Ardmore, OK	Hill Brother's Transportation
Ardmore, OK	W.W. Rowland Trucking
Ardmore, OK	Washita Freight Systems
Ardmore, OK	Lane Freight
Ardmore, OK	Interstate Express
Bethlehem, PA	JB Hunt Transport
Bethlehem, PA	Nexus Distribution
Bethlehem, PA	Pleasant Trucking
Bethlehem, PA	Eastern America
Brandywine, MD	Cowan Systems
Brandywine, MD	Pleasant Trucking
Brandywine, MD	Griffith Transportation
Brandywine, MD	Semi-Express
Brandywine, MD	AGI Logistics
Brandywine, MD	Pottle's Transportation
Doswell, VA	Private Fleet
Doswell, VA	Cxpress Trucking
Industry, CA	JB Hunt Transport
Industry, CA	D&A
Industry, CA	B&A
Livermore, CA	JB Hunt Transport
Livermore, CA	Interstate Distributor Company
Livermore, CA	Knight Transportation
Marion, IL	Shawnee Express
Marion, IL	Thomason Transportation
Orlando, FL	JB Hunt Transport
Orlando, FL	Carroll Fulmer
Orlando, FL	Knight Transportation
Orlando, FL	Pemberton Truck Lines

2.4. General Routing Notes

Shipments must originate from the vendor/supplier production facility or warehouse location closest to the CCS distribution center destination. Multiple purchase orders from the same location that would normally ship within one to three days of each other should be combined as one shipment.

3 Deliveries

3.1 Documentation

CCS requires a bill of lading with each shipment and a packing list with each purchase order. The bill of lading and packing list must include the following information:

3.2 Location

All shipments must be delivered to the location specified on the purchase order unless otherwise instructed by the Receiving Department or an authorized written exception. See Attachment I for current CCS Distribution Center locations and addresses.

3.3 Scheduling and Delivery

1. Suppliers are expected to complete a shipment for a particular purchase order within the receipt date(s) described by the purchase order.
2. CCS requests that the supplier chooses one of the preferred carriers listed under the Section II Carrier heading and that the load be tendered as a drop delivery.
3. For shipments exceeding 100 cartons or 500 pounds, the carrier/vendor/supplier must contact CCS at least one business day prior to delivery to schedule an inbound appointment. Appointment requests should be made via the CCS WEB application <https://xapps.ccity.com/centralscheduling>. Please contact the Logistics Expediting Manager at 804-527-4000 extension 6752 to secure directions and appropriate sign-ons for that application, or click on the "Request a new Account" button on the website to request a username and password.
4. Immediately after submitting an appointment request, the user will receive a screen that indicates the appointment number associated with the request. The screen will also indicate what date and time the carrier is to deliver. This appointment number must be presented to the guard at the Distribution Center immediately upon arrival.
5. For conveyable deliveries under 100 cartons, the delivery may be made through the distribution center's express door without an appointment. The carrier is required to arrive prior to 1:00 PM on any receiving day and may be required to wait until the trailer can be offloaded.
6. For non-conveyable deliveries under 12 cartons, the delivery may be made through the Distribution Center's Express Door without an appointment. The carrier is required to arrive prior to 1:00 PM on any receiving day and may be required to wait until the trailer can be offloaded.
7. Delivery appointments are not required when shipping via airfreight, UPS, Federal Express, or other small package carriers. Note: Delivery must arrive at the receiving Distribution Center prior to 1:00 p.m. local time.
8. CCS will debit supplier's account to recover demurrage, detention, re-delivery and/or shortage charges that result from supplier's failure to follow delivery appointment instructions.

9. CCS reserves the option to refuse shipments for which delivery appointments are required but not scheduled. CCS also reserves the option to refuse shipments which fail to arrive as scheduled or have improper shipping documentation.
10. No Show for Appointment: When a carrier requests to reschedule a missed or late delivery, Central Scheduling will routinely assign an appointment to deliver within 48 hours of reschedule request.
11. CCS reserves the right to refuse delivery to any carrier that checks in with the facility guard thirty (30) minutes, or more, after the scheduled appointment time. If at all possible, the facility will try to work the late appointment in throughout the day or ask the carrier to drop the trailer. However, if this is not acceptable, or cannot be accomplished, it is then the responsibility of the carrier or supplier to secure the next available delivery appointment with CCS Central Scheduling. CCS will not be held liable for redelivery, detention, or storage charges that may arise from a reschedule situation.

3.4 Security

On all deliveries, the shipper is to place a seal on the trailer upon completion of loading; provided, however, that no such seal shall be required for LTL deliveries. If shipper does not place a seal on the trailer, the Carrier will do so at time the trailer is picked up.

1. Upon entering the CCS distribution center yard, the guard will check the integrity of the seal if applicable and ensure that the seal numbers on the trailer correspond to the BOL. If seal is not intact, shows signs of tampering, is missing or not the matching number, the guard will make notation on the trailer paperwork.
2. Paperwork for trailers dropped will be stamped by the guard to read:
"DROP TRAILER: COUNT SUBJECT TO VERIFICATION UPON UNLOAD"
3. Loss or Damage: If trailer is received with a seal in good order, any shortages or damages found will be addressed with a claim against the shipper.
4. CCS will not be liable for loss or damage to the Carrier's equipment unless negligence on the part of CCS can be proven. The Carrier is expected to carry appropriate insurance to protect its interest.

3.5 Driver's Responsibility (Live-Unloads)

CCS will make every attempt to unload without carrier/driver assistance. In the event the driver is required to assist in the unload, it is the responsibility of the vendor/supplier to pay all associated fees charged by the carrier.

4. Packaging

4.1 Carton Labeling Requirements

Minimum Carton Markings:

1. Model Number
2. Purchase Order Number
3. Quantity of Units

4.2 Case Pack Requirements:

Item quantities and manufacturers' case pack quantities must conform in all respects to the item quantities and case pack quantities specified on the purchase order. The vendor/supplier cannot change item quantity or case pack quantity after the purchase order has been issued. Moreover, CCS may, at its option, refuse to accept delivery if item quantities or case pack quantities do not conform with purchase order requirements.

4.3 Case Materials

With respect to case materials, **CCS prefers corrugated cardboard cases**. The use of stretch-wrap cases, tray-pack cases, and plastic or steel banding is discouraged.

4.4 Universal Product Code (UPC) Requirements

The UPC must be indicated on the selling unit and reflect the selling unit established by CCS for use with its Point of Sale (POS) scanners.

4.5 Pallet Requirements

1. Vendors/suppliers must use 48" X 40" four-way hardwood pallets.
2. The pallet slats/boards must be 5/8" thick.
3. No pallets with broken boards will be accepted.
4. No overhang.
5. Pallets must be secured with shrink wrap or tape.
6. Corner posts are required on product not shipped in corrugated cartons.
7. The merchandise must be sorted by stock keeping unit (SKU), style and color.
8. Suppliers will pack only one model per master carton.
9. If a pallet has multiple SKUs, each SKU must be grouped together on the pallet.
10. Group each SKU on one pallet within the same delivery regardless of PO Number.

4.6 Slipsheet Requirements

When using a slipsheet, vendors/suppliers should use a 52" x 40" slipsheet in conjunction with heavy stretch wrapping for shipment. The slipsheet lip or edge must extend 4" from the merchandise and be accessible by a slipsheet machine from inside the trailer.

4.7 Ti-Hi Requirements

Each distribution center has different Ti-Hi requirements. Please contact the respective distribution centers for Ti-Hi information. See Attachment I for Distribution Center Information.

5 Backorders/Overages/Shortages/Mis-Shipments/Damages

5.1 Backorders

Vendors/suppliers are expected to ship each purchase order complete by the "Ship To Arrive" date. Failure to ship a purchase order complete may result in a financial penalty from CCS' Vendor/Supplier Compliance Program.

1. If CCS cancels a purchase order and a subsequent delivery is made against the purchase order (back order), CCS reserves the right to accept or reject the delivery.
 - If CCS accepts the backorder on product after the purchase order has been cancelled, a financial penalty may result.
 - If CCS rejects the backorder, CCS will immediately return the backorder to the vendor/supplier at the vendor's/supplier's expense.

5.2 Overages

1. CCS has the option of accepting or rejecting delivery of overages from vendors/suppliers.
2. If CCS rejects the overage at the time of delivery and the carrier will not accept or retain possession of the merchandise, CCS will treat the merchandise as follows:
 - CCS will notify the vendor/supplier of such overages within two business days of the rejection and CCS will request written instructions regarding the disposition of such merchandise within two business days.
 - If the vendor/supplier does not provide disposition instructions to CCS within two business days, CCS reserves the right to immediately return the merchandise to the vendor/supplier at the vendor's/supplier's expense.
3. CCS will not be responsible for any cost, liability or damage to merchandise in its possession that it has determined is overages regardless of the method used by CCS to store or handle the merchandise.

5.3 Shortages

1. Visible shortages detected by CCS at the time of delivery will be noted on the carrier delivery receipt and will be deducted from the vendor's/supplier's invoice.
2. Concealed shortages discovered after the carrier has been released will be documented by CCS during the receipt process. CCS will notify the vendor/supplier within ten (10) business days of discovering concealed shortages. Concealed shortages will be deducted from the vendor's/supplier's invoice.

5.4 Mis-Shipments

1. CCS reserves the right to refuse delivery of items that CCS does not carry when detected at the time of delivery. CCS will return the merchandise to the vendor/supplier at the vendor's/supplier's expense and take full credit against the vendor's/supplier's invoice for mis-shipped items.
2. If the carrier will not accept or retain possession of the merchandise, CCS will treat the merchandise as follows:
 - a. CCS will notify the vendor/supplier of the mis-shipment within two business days of the rejection and request that written disposition instructions be provided within two business days.

- b. If the vendor/supplier does not provide written disposition instructions within two business days, CCS will return the merchandise to the vendor/supplier at the vendor's/supplier's expense or dispose of the merchandise in any manner it deems appropriate.
3. CCS will not be responsible for any cost, liability or damage to merchandise in its possession that it has determined as mis-shipped regardless of the method used by CCS to store or handle the merchandise.

5.5 Damages

1. Unless otherwise agreed upon, CCS will refuse to accept delivery of damaged or defective merchandise discovered by CCS at the time of delivery.

Attachment I
Distribution Center Information

255 - Bethlehem	
4000 Township Line Rd.	
Bethlehem, PA 18020	
Phone:	610-882-2570
Fax:	610-882-2516

731 Doswell	
17320 Washington Hwy	
Doswell, VA 23047	
Phone:	804-876-3330
Fax:	804-876-9000

335 - Mid-Atlantic	
14301 Mattawomen Drive	
Brandywine, MD 20613	
Phone:	301-782-3363
Fax:	301-782-4533

755 Marion	
1100 Circuit City Rd.	
Marion, IL 62959	
Phone:	618-998-1828
Fax:	618-998-4100

344 - Livermore	
400 Longfellow Court, Ste. A	
Livermore, CA 94550	
Phone:	925-454-5349
Fax:	925-454-2480

775 Orlando	
19925 Independence Blvd.	
Groveland, FL 34736	
Phone:	352-429-6200
Fax:	352-429-6210

353 - Industry	
680 S. Lemon Ave.	
Walnut, CA 91789	
Phone:	909-595-2434
Fax:	909-595-7962

567 - Ardmore - CE	
1901 Cooper Drive	
Ardmore, OK 73401	
Phone:	580-226-3280
Fax:	580-490-9360

717 - Wanut Consolidation	
501 S. Cheryl Lane	
Walnut, CA 91789	
Phone:	909-594-3684
Fax:	909-594-9427

ACCOUNTING PROCEDURES

Communications

Circuit City provides an Interactive Voice Response Unit (IVR) which can provide efficient responses for many routine accounts payable questions. The IVR can be reached at (804) 418-8148. It is necessary to enter your 10 digit vendor number and the 5 digit zip code of your remittance address to access account information.

We ask that you provide a specific contact person who will be working the Circuit City account, as well as the name of your department manager. If you have a change of address or facsimile number, please contact your representative immediately by faxing them a notice on company letterhead.

Correspondence should be mailed to Circuit City Stores, Inc. Attn: Merchandise Payables, Deep Run 3, 9954 Mayland Drive, Richmond, VA 23233. Facsimiles should be transmitted to (804) 527-4170.

Statements

Circuit City requires a complete monthly statement/aging that includes all invoices, chargebacks, unmatched deductions, credits and unapplied cash by the 15th of the following month. Electronic (Microsoft Excel) format is preferred. All items listed, including chargebacks for discrepancies, should include a Circuit City reference number for identification purposes. Circuit City expects that all items will be aged appropriately to the original transaction date. Circuit City makes every effort to maintain minimal balances in excess of 90 days. Statements for products other than merchandise inventory (e.g. service parts) should be sent separately to the appropriate Circuit City Department.

Payments

Under normal circumstances, Circuit City issues checks via daily U.S. Mail. If you would like to receive a check via Federal Express or other overnight courier, it is your responsibility to provide Circuit City with the courier account number to pay for the shipping.

Invoice payments, mutually reconciled return deductions, and mutually reconciled discrepancy adjustments are included on the same check remittance. You should apply payments within 30 days of receipt in accordance with the remittance advice. Explanations of remittance advice numbers/codes are provided throughout this section.

In the event that you are in a debit balance with Circuit City, you will remit payment of any such amounts to Circuit City by certified check or wire transfer within thirty (30) days of demand by Circuit City.

Invoices

Invoices should be transmitted via EDI on the day of product shipment. EDI testing can be arranged through the EDI team (see CONTACTS section below). The following fields are required information.

1. **Purchase order-** There should be only one purchase order per invoice. Note: product shipment to a location other than the location designated on the PO will delay matching and payment of the invoice.
2. **Bill of Lading/Packing Slip-** This number will ensure proper matching of invoice to receiving. For import shipments, the **House Bill of Lading Number** is required.
3. **FCR Number-** The Forwarders Cargo Receipt Number is required for import shipments.

4. **Container Number-** This field is required for Full Container Load (FCL) import shipments.
5. **Invoice date-** The date the merchandise left your warehouse.
6. **Location-** Where the merchandise was shipped, including a Circuit City location number. This should be the same location indicated on the PO.
7. **Payment Terms-** (Net 30)
8. **Unique invoice number-** Invoice numbers may not be recycled or repeated. Our system will not accept a duplicate invoice number.
9. **Circuit City Model Number as indicated on the PO.**
10. **Number of units shipped per Model Number.**
11. **Price per unit shipped-** Price should be Net Price before terms; DFI discounts or other line item discounts should NOT be reflected as a separate line entry.
12. **Total line cost-** Number of units x Net Price per unit.
13. **Invoice Total-** Sum of all line costs. *Note: all amounts (items 11-13) should be reported to 2 decimal places. The sum of the detail lines must match the gross invoice header total.*

Discrepancy Resolution

Invoice Discrepancies

If Circuit City identifies an invoice discrepancy, we will pay the invoice in full, and charge back the discrepancy on a Debit Memo. The Debit Memo is issued to you via facsimile, and provides specific details explaining the discrepancy. The Debit Memo number is usually the invoice number plus a suffix as follows:

CP	Pricing Chargeback
PP	Price Protection
CS	Quantity Shortage
MD	Model Discrepancy
FO	Quantity_Discrepancy_for Product Shipped outside the Freight Conversion Program
DR	Quantity discrepancy for import shipments that vendor is responsible for crediting
FA	Quantity discrepancy for product shipped under Freight Conversion Program that vendor is responsible for crediting
DA	Quantity discrepancy for import shipments that vendor is responsible for crediting
CD	Damaged Product
Suffix + R	Repayment of a Debit Memo

To dispute a pricing charge back (CP,PP), notify your account representative and send a signed copy of the appropriate pricing agreement to Merchandise Payables within 30 days of the debit memo. (Note: invoices transmitted by the vendor with a lower cost than the PO will be paid at the lower cost. No debit memo will be issued).

To dispute an invoice quantity shortage (CS), notify your account representative and send a proof of delivery (POD) signed in full by a Circuit City associate, along with a packing list and all supporting documentation to Merchandise Payables with in 30 days of the debit memo.

Circuit City may require additional documentation and POD's to eliminate the possibility of mismatched receivings. Circuit City reserves the right to research the documentation before paying the invoice in question.

Repayment of Debit Memo discrepancies will appear on the check remittance with the original debit memo number plus the suffix **R**. (Note: vendors who participate in the Freight Conversion Program may also see the **FR** for internally resolved quantity debit memos).

Returns

Refer to the Return Goods Agreement by and between Circuit City and DIRECTV dated December 29, 2004.

Post Audit

A regular review of all Circuit City vendors is completed on a periodic basis. The purpose of the review is to identify overpayments and/or underdeductions. When a claim is identified, an Audit Chargeback is prepared and forwarded to your attention with all applicable documentation. Unless you demonstrate to Circuit City's satisfaction that the chargeback is not proper, after 30 days, Circuit City will deduct the amount due from your check remittance and consider the matter closed from our account. The deduction on the remittance will appear with the prefix **MPA**. Any questions or requests for additional information should be directed to (804) 527-4000, ext. 3580.

Advertising Accounting

Advertising Accounting is responsible for the collection of various receivables due from vendors, including Price Protection, MDF, Co-Op Advertising and other funds negotiated between Circuit City and the vendor or payable under any other vendor programs. In some cases, those receivables may be deducted from your check remittance with the prefix AV or ADV. In the event that you remit payment or credit memo, a detail remittance calculation must be provided to the Advertising Accounting Department. Any questions or requests for additional information should be directed to (804) 527-4000, ext. 3339 or via facsimile at (804) 527-4813.

RECEIVABLES DUE FROM VENDOR

Circuit City's Advertising Accounting Department is responsible for the collection of various receivables due from vendors, including Price Protection, MDF, Co-Op Advertising and other funds negotiated between Circuit City and the vendor or payable under any other vendor programs.

Amounts due will be calculated and collected according to the Agreement between you and Circuit City. In some cases, Circuit City will deduct amounts due from your Accounts Payables balance, but only against those Accounts Payable related to the specific Agreement under which the specific amounts are due. Those deductions will appear on the check remittance with the prefix AV or ADV. In the event you remit payment or credit memo, a detailed Remittance Advice **MUST** be provided to the Advertising Accounting Department (A Remittance Advice for accrued amounts must be provided in soft copy with particular details as specified in the Agreement). Amounts due will be deducted if credits/checks are not received in a timely manner.

No tear sheets will be provided to support allowances.

Advertising Accounting will issue a Billing or Debit Memo for each amount due; examples are attached. One copy will be sent to the check remittance address unless Advertising Accounting is otherwise notified.

Any vendor chargebacks or disputes pertaining to amounts due or amounts deducted should be sent to the attention of Advertising Accounting. Any questions or requests for additional information should be directed to (804) 527-4000, ext. 3339 or via facsimile at (804) 527-4813.

Supply Chain Excellence

Circuit City measures vendor performance in several areas that are critical to ensuring supply chain excellence. A report card is sent to vendors each month, indicating their performance across each metric. Vendors who do not meet key standards are assessed a financial penalty as outlined in the Vendor Compliance Program. Debit memo deductions for vendor compliance issues appear on the check remittance with the prefix **VP**. Questions about the Vendor Compliance Program or debit memo disputes should be directed to: SCStandards@Circuit City.com.

TERMS AND CONDITIONS

1. Acceptance is expressly limited to the terms and conditions contained in this order. Any provisions in Seller's franchise agreement(s), invoices, billing statements, acknowledgment forms or similar documents which are at variance with the provisions of this purchase order shall be of no force or effect unless specifically agreed to in writing signed by an authorized representative of Buyer. Any of the following acts by Seller shall constitute acceptance of this order and all of the terms and conditions; signing and returning a copy of this order; delivery of any of the goods ordered; informing the Buyer in any manner of commencement of performance; or returning Seller's own form of acknowledgment.
2. All goods and services shall be according to specifications, drawings, samples or other descriptions previously furnished Seller.
3. Separate invoices will be rendered Buyer in duplicate for each shipment and each order.
4. Each shipment must contain a packing slip showing purchase order number, number of cartons and quantity in each carton.
5. Buyer assumes no obligation for material shipped in excess of this order.
6. All material will be subject to Buyer's inspection at Buyer's receiving location. In addition to other rights provided by law, Buyer reserves the right to refuse and/or return to Seller at Seller's expense any nonconforming merchandise or merchandise shipped contrary to instruction, not in recognized standard containers, or not on specified shipping date. In the event Buyer shall have made payments to Seller for merchandise so returned, Seller shall promptly refund or credit such payments to Buyer.
7. Notwithstanding anything to the contrary set forth in Paragraph 6, Buyer shall be under no duty to inspect merchandise prior to resale, and neither retention nor resale of such merchandise shall be construed to constitute an acceptance of merchandise not in compliance with the requirements of this order.
8. Seller represents and warrants that the merchandise purchased hereunder does not and will not infringe any patent, trademark or copyright granted by the United States of America or by any foreign country and does not compete unfairly (including, but not limited to passing off, misappropriation or violation of any state or federal statute) and does not violate any other rights of third parties.
9. Seller represents and warrants that the merchandise shipped pursuant to this order is (a) merchantable; (b) free from defects in workmanship and materials, including, without limitation, such defects as could create a hazard to life or property; (c) free from defects in design, except to the extent that such items comply with any detailed design provided by Buyer; (d) fit and sufficient for the purpose intended or stated on the face of this order; (e) fit for resale to retail customers; (f) in conformity with all the other specifications, descriptions and/or requirements set forth or incorporated herein; (g) suitable for use under, manufactured in accordance with and, where required, registered under, all applicable federal, state and local laws and all orders and regulations promulgated thereunder, including the Consumer Product Safety laws of the United States and the several states; and (h) for the reasonably anticipated life of the product will be continuously backed up by an adequate inventory of replacement parts which Seller will ship to Buyer within ten (10) days of Buyer's order. Seller agrees that purchaser may return any goods received in violation of these warranties to the Seller at Seller's risk and

expense and that Seller will reimburse Buyer for all expenses, if any, incurred in recalling from its customers any such merchandise.

10. Seller represents and warrants that the prices hereunder of the merchandise covered by this order are lawful under Section 2 of the Clayton Antitrust Act, as amended by the Robinson-Patman Act. Should there be a decline in price between the date of this order and the actual delivery date Buyer may charge back to Seller's account the amount of decline on any stock received hereunder or in transit at the time of decline.
11. Seller agrees to appear, defend (through counsel reasonably satisfactory to Buyer), indemnify and hold harmless Buyer its successors, assigns, customers, and users of its products, from and against any and all actions, litigation, claims, liabilities, loss, damages (whether direct or indirect, incidental, consequential or otherwise), expenses or costs (including attorneys' fees) which may arise out of, relate to or be connected in any way with the resale and/or use of the merchandise covered by this order resulting from the breach of any covenant, representation or warranty made by Seller in connection with such merchandise, including, without limitation, liability based upon death or injury to any person (including Buyer's employees) or damage to property resulting or arising or alleged to result or arise from or out of the resale and/or use of such merchandise. Upon written request, Seller shall furnish Buyer with a certificate of products liability insurance by a recognized insurance company authorized to do business in the United States, with limits of no less than \$2,000,000 for bodily injury and property damage per occurrence and \$10,000,000 aggregate and containing a broad form Seller's endorsement and an undertaking of the insurance company not to cancel, reduce or materially change said insurance policy without giving at least 30 days prior written notice to Buyer.
12. At its option, Buyer may terminate all or a part of this order upon prior written notice to Seller. Upon such termination, Buyer shall pay to Seller: (a) the price stated on the face of this order for items completed at the time of such termination and not yet delivered, (b) the out-of-pocket costs incurred by Seller for items in progress which cannot reasonably be used by Seller in producing goods for itself or for its other customers, and (c) the costs of settling all claims arising out of Seller's termination of orders and sub-contracts relating to the performance of the work terminated: provided, however, that payments made under this Paragraph shall not exceed the aggregate price specified on the face of this order less payments made or to be made for items delivered to Buyer prior to such termination. Any items or materials in Seller's possession subsequent to any such termination, the costs of which have been included in the settlement outlined above, shall be held by Seller subject to disposal instructions from Buyer. Buyer shall have the foregoing right of termination notwithstanding the existence with respect to Seller of any of the events specified in Paragraph 14.
13. By written notice to Seller, Buyer may terminate all or a part of this order, subject to the provisions of Paragraph 14, upon (a) the refusal or failure of Seller to make deliveries of the items covered by this order within the time period specified herein or in any amendment hereto accepted by Seller, unless Seller shall cure any such default or failure in delivery within ten (10) days after receipt of notice of termination, (b) any other default by Seller in the performance of this order, (c) the institution of any proceedings by or against Seller under any bankruptcy act, insolvency law or any law for the relief of debtors, (d) the appointment or application for a receiver for Seller, or (e) an assignment by Seller for the benefit of its creditors. Upon termination pursuant to this Paragraph, Buyer shall pay to Seller the price stated on the face of this order for items previously delivered for which payment has not been made and for items completed at the time of such termination and subsequently delivered in accordance with this order, less a reasonable reserve to be applied by Buyer to cover the costs of any warranty, return for credit or repair and return or other obligations of the Seller which are outstanding as of the date of such termination.
14. Neither Buyer nor Seller shall be liable for any failure to perform in accordance with the terms of this order due to wars, strikes, fires, the act of God or the public enemy, labor difficulties, freight embargoes or other causes beyond their control, in the event Seller is unable to perform due to any of the foregoing events. Buyer shall be entitled, in addition to its right to terminate pursuant to Paragraph 14, to (a) obtain the items covered by this order from such other sources as Buyer may determine for the duration of Seller's inability to perform and (b) reduce pro tanto, and without any obligation to Seller, the quantity of the items specified by this order.
15. Seller agrees to ship the merchandise pursuant to this order in accordance with the ship-to location and date shown on its face. Should the Seller or his agent ship goods so that they are received at Buyer's warehouse prior to the not-to-arrive-before date shown on the face of the order or shipped and received in the wrong warehouse, Seller shall be liable for a receiving fee as determined by the Buyer to be appropriate to cover the costs associated with the early receipt, required transshipment, and/or handling of the merchandise received under such conditions.

Further, should the Seller ship goods not covered under this order and Buyer must return those goods to Seller or another party designated by the Seller, the Seller shall be liable for a receiving fee as determined by the Buyer to be appropriate to cover the costs of receipt and return to the appropriate party. Further, should Seller make an appointment to have goods received into Buyer's warehouse and should Seller or his agent not arrive at Buyer's warehouse within a reasonable period of time from that appointment. Seller shall be liable for a penalty fee as determined by the Buyer to be appropriate to the situation.

16. No course of dealing of Buyer nor any delay or omission of Buyer to exercise any right or remedy granted under this order shall operate as a waiver of any rights of Buyer, and every right and remedy of Buyer provided herein or now or hereafter existing in law or in equity or by statute or otherwise.
17. No charge will be made to Buyer for draying or packing unless specified. Merchandise shipped by freight or express will be packed, marked, and described so as to obtain the lowest rate possible under freight or express classifications, except when otherwise specified by Buyer and penalties or increased charges due to failure to do so will be charged to Seller.
18. No right of Seller under this contract resulting from the acceptance of this order, including without limitation, any account based upon this order, shall be assignable without the written consent of Buyer and any attempted assignment without such consent shall be void and vest no right as against Buyer, either at law or in equity, in the purported assignee. Any written consent of Buyer to assignment of any such right, including any such account, shall be limited to the particular instance and not regarded as establishing a general consent to an assignment to the assignee or by the Seller concerned. No written consent by Buyer to assignment nor any attempted or purported assignment without such consent nor any recognition by Buyer of any such attempted or purported assignment shall affect any of Buyer's rights hereunder, including without limitation, the right to set off against such account any and all amounts owing to Buyer from the assignee, whether due or to become due and whether arising out of this order or otherwise.
19. If any provision of this order is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the remaining provisions of this order shall remain in full force and effect.
20. This agreement will be governed by the laws of the state of New York.
21. This document contains the entire understanding and agreement of the parties upon the subject matter hereof. There is no agreement, oral or otherwise, which is not set forth in this writing. No modification of this agreement shall be binding unless in writing and signed by both parties hereto.

Purchase Order Change

CIRCUIT CITY STORES, INC.
9950 MAYLAND DRIVE
RICHMOND, VA 23233-1464
(804) 527-4000
FAX (804) 527-4175

PO Number	Change to PO	Original PO Date	Warehouse Number	Model Number	Revised Receipt Date	Original Order Quantity	Revised Order Quantity	Revised Price
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Advertising Debit Memorandum

CIRCUIT CITY STORES, INC.
ADVERTISING ACCOUNTING
9954 MAYLAND DRIVE
DEEP RUN III
RICHMOND, VA 23233-1464

ADVERTISING DEBIT MEMORANDUM

TO:

DATE 12/09/98

1

ATTN:

DM #: CM131487

TRANS DATE	REC TYPE	ALLOW PCT	TYPE	TRANS CODE	DESCRIPTION
12/09	AA		CM	C	AA29948REG PARTIAL
AMOUNT					
14,000.00					

2

3

4

5

AMOUNT DEDUCTED:

14,000.00

6

PREPARED BY: ADVERTISING ACCOUNTING

ATTACHMENTS: _____

CC: _____

<<< COPPER >>>

ADVERTISING DEBT MEMO/BILLING

1. Debit Memo # starts with "AV" and will be deducted. "VB" notifies vendor of amount due, but it is currently not set up to be deducted.
2. Allowance receivable type - "AA" denotes special funding.
3. Percentage for allowable type - if nothing is listed, it denotes a "per unit" allowance.
4. G, S, & P show deductions made for automatic accruals based on receivings. C is a manual entry. An example is on the next page.
5. Description of deduction. Auto-accrual deduction will show the corresponding month for accruals. Special funding will list a short explanation.
6. Total to be deducted under the DM#.

Advertising Billing Memorandum

CIRCUIT CITY STORES, INC.
ADVERTISING ACCOUNTING
9954 MAYLAND DRIVE
DEEP RUN III
RICHMOND, VA 23233-1464

ADVERTISING BILLING MEMORANDUM

TO:

DATE 12/09/98

ATTN:

VB #:

1

TRANS DATE	REC TYPE	ALLOW PCT	TRANS TYPE	CODE	DESCRIPTION
11/18	AA	AA	C	AA760MS	V#41
	44,892.00				
11/18	AA		AA	C	AA760REG V#41
	30,018.00				

2

5

AMOUNT DUE:

75,000.00

PREPARED BY: ADVERTISING ACCOUNTING

ATTACHMENTS: _____

CC: _____

This is an example of a Circuit City Defective Tag. These tags are applied to product returned by a customer. This product is then sent to a centralized location to await pick-up from the vendor.

Acknowledgment Form

I (we) have received and read the Circuit City New Vendor Package and agree to comply with all the terms and conditions herein. In particular, I (we) understand that the terms and conditions contained in the Circuit City Purchase Order Forms (pages C1-C5) shall apply to each purchasing transaction between Circuit City and new vendor.

Company: DIRECTV, Inc.

Name: John Suranyi

Title: President, Sales and Service

Address: 2230 E. Imperial Hwy
El Segundo, CA. 90245

Phone: 303-712-4727 Email: jsuranyi@directv.com

Signature of Officer: 

Name: _____

Title: _____

Address: _____

Phone: _____ Email: _____

Date: _____

Please attach copy of your current company letterhead for New Vendor set-up and return this form to:

Circuit City Stores, Inc.

Merchandising/Vendor Management Department

9950 Mayland Drive/ DR1- 3rd Floor

Richmond, VA 23233-1464

Fax: (804) 527-4175

For routing purposes send to the attention of your Circuit City Buyer.